

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20397
[REDACTED],)	
)	DECISION
Petitioners.)	
_____)	

[Redacted] (petitioners) protest the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated May 31, 2007, asserting additional liability for Idaho income tax, penalty, and interest in the total amounts of \$13,051 and \$12,347 for 2002 and 2003, respectively.

The petitioners were residents of Idaho at all times pertinent to this docket. They filed their Idaho income tax return for 2002 in April of 2005. They filed their 2003 income tax return in October of 2006.

The petitioners were notified that their 2002 and 2003 Idaho income tax returns had been selected for audit. The auditor asked for documentation for various deductions claimed by the petitioners. Some documentation was supplied by the petitioners, but there were deductions for which the documentation submitted by the petitioners did not substantiate the claimed deductions. Therefore, the auditor adjusted the Idaho taxable income reported by the petitioners. These adjustments included the following:

[Redacted]	<u>[Redacted]</u>	<u>[Redacted]</u>
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

During this administrative appeal, the petitioners submitted additional documentation for the consideration of the Commission. This additional documentation reduced the amount due for 2002. The documentation submitted for 2002 fully documented the claimed deduction for home interest expense. The documentation also reduced the adjustment to the rental expenses from \$37,211 to \$21,718. The additional documentation did not affect the amount due for 2003.

WHEREFORE, the Notice of Deficiency Determination dated May 31, 2007, is hereby MODIFIED, and as so modified is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER the petitioners to pay the following tax, penalty, and interest (calculated to April 30, 2008):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$5,096	\$ 255	\$ 1,574	\$ 6,925
2003	9,839	\$ 492	\$ 2,518	<u>\$ 12,849</u>
				<u>\$ 19,774</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed.

DATED this _____ day of _____, 2008.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2008, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.
